(b) whether in the proposed RBS system, the supervisory tools will focus on greater off site surveillance and targeted on-site inspections; and

(c) if so, the advantages of revised inspection system?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Yes, Sir. As per announcement made by Reserve Bank of India (RBI) in its monetary and credit policy statement for 2000-01, RBI has developed an overall plan for monitoring towards Risk Based Supervision (RBS). The basic tool for RBS system would be risk profile templates prepared by the banks and vetted by RBI. The risks are segregated into eight inherent business risks and four control risks, based on the risk matrix of individual bank. RBS will focus on targeted on-site inspections depending upon the overall risk of individual risk parameters of the said bank, level of risk etc. In addition to targeted on-site monitoring, banks are subjected to continuous monitoring through off-site surveillance mechanism.

(c) RBS would benefit the supervisor (RBI) and the supervised entities (banks). The adoption of RBS would lead to deeper understanding of the risks faced by banks and thereby, facilitate optimum use of scarce supervisory resources and direct supervisory attention to those banks and those areas within the banks, which cause more supervisory concern. RBS ensure prompt compliance with the regulatory and supervisory requirements of RBI. It would also benefit banks in two ways, first, it would enhance the bank's own capability for risk management and risk control and second, it will provide a built in incentive of lesser supervisory intervention for the good performer.

Poor utilization of funds by States

2156. DR. T. SUBBARAMI REDDY:
SHRIMATI AMBIKA SONI:

Will the Minister of FINANCE be pleased to state:

(a) whether the Comptroller and Auditor General has pointed out that the States fund utilization has been very poor which is nearly about 11 per cent;

(b) if so, whether despite outlay to the tune of Rs. 13,823 crores for 24 States under the Accelerated Irrigation Benefit Programme less that 30 per cent of the target irrigation potential was created;

(c) if so, whether he is in his budget speech has promised financial support for speeding up irrigation schemes; and

(d) if so, to what extent the Ministry of Finance is considering report of CAG for poor utilization of funds of the States?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) CAG report mentioned that against the total funds of Rs. 18,905.57 crores available, reported expenditure under Accelerated Irrigation Benefit Programme was Rs. 13,823.05 crores(73.11 percent) during the period 1996—2000.

(b) 29 out of 181 projects receiving assistance under the programme have been completed by March, 2004.

(c) Yes, Sir. Finance Minister in his Budget Speech for 2004-05 announced restructuring of the programme. Truly last mile projects that can be completed by March, 2005 will be given overriding priority, and other projects that can be completed by March, 2006 will also be taken up in the current year. Next year the goal post would be moved to March, 2007, the year after that to March, 2008 and so on. A sum of Rs. 2800 crores has been provided to the AIBP this year.

(d) The State Governments are accountable to their State Legislatures for proper utilization of funds.

Education cess

2157. SHRI K. RAMA MOHANA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Ministry of HRD has forwarded a detailed proposal worth Rs. 3,950 crores for additional expenditure to be met from the proposed Education Cess;

(b) if so, when such a proposal was received; and

(c) what action Government propose to take in this matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Ministry of Human Resource Development has forwarded a proposal for allocation of additional funds for Nutritional Support to Primary Education (MDM) and Sarva Shiksha Abhiyan.

(b) and (c) Lumpsum allocation has been made in the Ministry of